

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 891 - HB 1085

March 5, 2023

SUMMARY OF BILL: Extends, until June 30, 2059, the current allocation of state sales tax revenue to Memphis, as it pertains to the Memphis Grizzlies, for the exclusive use of its sports authority. Extends, until June 30, 2059, the current allocation of state sales tax revenue to Metro Nashville, as it pertains to non-Nashville Predators related events at Bridgestone Arena, for the expenses associated with securing current, expanded, or new events at the arena.

ESTIMATED FISCAL IMPACT:

The fiscal note issued on February 24, 2023 did not accurately address the full impact of this legislation. Based on additional review, the summary, assumptions, and fiscal impact have been corrected.

(CORRECTED)

**Forgone State Revenue – Exceeds \$5,000,000/Each Year FY31-32 through FY48-49
Exceeds \$12,000,000/Each Year FY49-50 through FY58-59**

Other Fiscal Impact – Local revenue loss avoidance exceeding \$5,000,000 in each year FY31-32 through FY58-59 for Memphis for the exclusive use of its sports authority and exceeding \$7,000,000 in each year FY49-50 through FY58-59 for Metro Nashville for the expenses associated with securing current, expanded, or new events at Bridgestone Arena.

Assumptions:

Memphis Grizzlies

- Pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(B), the allocations of state sales tax collections would end 30 years from the date that the first Memphis Grizzlies game was played in Memphis.
- The Grizzlies first game after relocating to Memphis was on November 1, 2001; as a result, FY31-32 is the year that these allocations would be ending under current law.
- The FY21-22 allocations were approximately \$4,500,000. Fiscal Review Committee staff estimates sales tax growth of 8.53 percent in FY22-23 and additional growth of 4.06 percent in FY23-24. The exact amount of such revenue growth in future years is unknown but is assumed to increase over time.

SB 891 - HB 1085 (CORRECTED)

- The proposed legislation will continue an allocation of state sales tax revenue to Memphis for the exclusive use of its sports authority in an amount estimated to exceed \$5,000,000 in each year FY31-32 through FY58-59.
- Current budgetary levels will not be impacted as the majority of this revenue has never been retained by the state. Therefore, the impact of this legislation on state government revenue is considered forgone.
- The proposed legislation will continue the current longstanding allocation of revenue to Memphis.

Bridgestone Arena and Total Impact

- Pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(B), the allocations of state sales tax collections associated with non-Nashville Predators events at Bridgestone Arena are to continue until June 30, 2049.
- The FY21-22 allocations were approximately \$6,067,200. Fiscal Review Committee staff estimates sales tax growth of 8.53 percent in FY22-23 and additional growth of 4.06 percent in FY23-24. The exact amount of such revenue growth in future years is unknown but is assumed to increase over time.
- The proposed legislation will continue an allocation of state sales tax revenue to Nashville for the expenses associated with securing current, expanded, or new events at the arena in an amount estimated to exceed \$7,000,000 in each year FY49-50 through FY58-59.
- Current budgetary levels will not be impacted as the majority of this revenue has never been retained by the state. Therefore, the impact of this legislation on state government revenue is considered forgone.
- The proposed legislation will continue the current longstanding allocation of revenue to Metro Nashville.
- The total amount of forgone state revenue as a result of this legislation is estimated to exceed \$5,000,000 in each year FY31-32 through FY48-49 and exceed \$12,000,000 (\$5,000,000 Memphis + \$7,000,000 Nashville) in each year FY49-50 through FY58-59.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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